When thinking about career possibilities, do not overlook going into business for yourself. Many see self-employment as a chance to advance professionally and earn more money. Some feel owning a business allows more flexibility in their hours or the ability to work from home. Others like the idea of specializing in a business involving activities they enjoy.

Questions to help decide if entrepreneurship is for you:

- Will I be happy being self-employed?
- Am I willing to work long hours every day?
- Do I have the skills for the business?
- Am I a good planner and organizer?
- Can I make my own decisions?
- Am I willing to postpone my plans in order to get more education?
- Does my family support my choices?
- Can I afford the financial and emotional risks if my business fails?

According to the U.S. Small Business Administration (SBA), more than two-thirds of new employer establishments survive at least two years, half survive at least five years, one-third at least 10 years and a quarter remain open for 15 or more years. SBA research shows businesses that survive four years improve their chances of long-term survival.

No business is guaranteed success, but there are things you can do to increase your chances.

Internet sites to visit

www.sdjobs.org/lmic
This site includes information on wages paid by occupation, industry and occupational employment levels, and articles analyzing South Dakota business trends.

www.sdjobs.org
Your entry point for no-cost employer services from the South Dakota Department of Labor and Regulation, including the local office in your area.

www.sdreadytowork.com
The South Dakota Governor's Office of Economic Development (GOED) website is just for people starting their own businesses and covers South Dakota laws and regulations and incentives for new businesses.

www.sba.gov
The Small Business Administration website provides information and publications on a variety of topics pertinent to starting a business.

nase.org
The National Association for the Self-Employed provides access to specialists, resources and other information to keep you current on legislative matters affecting self-employment.

Ask for help

Don't be afraid to ask for help. You can receive a lot of useful information on starting a new business from your local economic development group, your local chamber of commerce and a variety of other local and state government organizations.

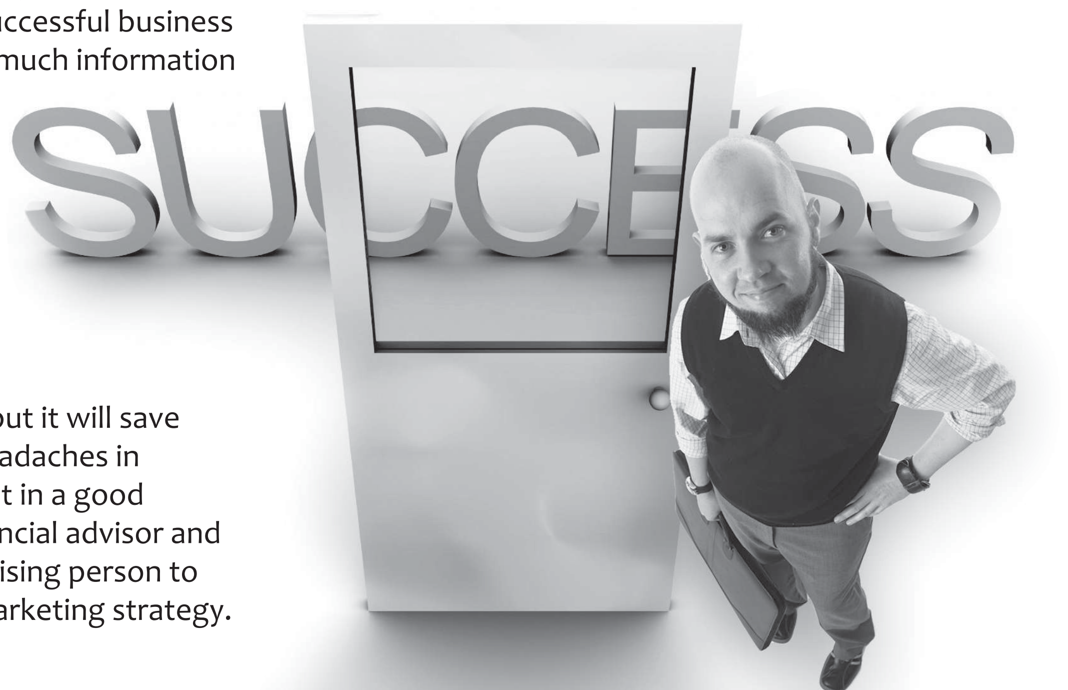
Owning your own business

An inner quality that many entrepreneurs say helps them survive is optimism.

Jean Chatzky

Tips for a successful business venture

1. When choosing a business to start or buying an established business, seriously think about how much the business appeals to you. You must be willing to invest a substantial amount of time and money to make it work.
2. Be sure you have experience, skills or education in the field you are considering. Look at your personality, background and preferences.
3. Evaluate your work and other life experiences to see what you can use to start a business. Scrutinize your strengths and weakness. Be honest.
4. After you select a business, learn all you can about it. Read about small business in magazines, trade journals and on the Internet. Talk to successful business people. Gather as much information as possible about the costs of employees, rental space, materials, equipment and other needed items.
5. Enlist experts. It might cost more, but it will save heartaches and headaches in the long run. Invest in a good accountant or financial advisor and a reputable advertising person to assist with your marketing strategy.
6. Budget for start-up costs. Some are one-time costs, such as major equipment, licenses and permits, utility deposits, beginning inventory and down payments.
7. Determine the continuing expenses you will incur and how much money you need to make to meet those expenses (an operating budget). Allocate enough money to operate for the first three to six months without steady revenue.
8. Find out as much as you can about your potential customers. Learn their likes and dislikes. Know their expectations. Figure out if you can get them to buy your product or service rather than buying it from a competitor. Be realistic about your expected share of the market.
9. Determine how much you can charge for your product or service and whether your prices will be competitive.
10. Identify your competitors' strengths and weaknesses; compare them to your strengths and weaknesses.



Choosing your business organization

There are generally three common types of business organizations: ***sole proprietorship, partnership or corporation.*** According to the U.S. Small Business Administration (SBA), each type has advantages and disadvantages. Before you make your final decision about formation, consult with an attorney and an accountant.

Sole proprietorship formation

Sole proprietorship is the simplest and least expensive formation. One person, usually the one running the business daily, owns it. Sole proprietors own all the assets of the business and the profits generated. They also assume all responsibility for any liabilities or debts.

Sole proprietorship advantages

- Easiest and least expensive form of ownership to organize.
- Sole proprietors are in complete control and may make decisions as they see fit (within the parameters of the law).
- Sole proprietors receive all income generated by the business.
- The business is easy to dissolve.

Sole proprietorship disadvantages

- Sole proprietors are legally responsible for all debts against the business. Their personal assets are at risk as well.
- May be at a disadvantage in raising funds and are often limited to using funds from personal savings or consumer loans.
- Some employee benefits, such as owner's medical insurance premiums, are not directly deductible from business income.

Before you make your final decision about formation, consult with an attorney and an accountant.

Partnership formation

In a partnership, two or more people share ownership of a single business. Like a sole proprietorship, the law does not distinguish between the business and its owners. The partners should have a legal agreement detailing how decisions are made, profits are shared, disputes are resolved, how future partners are admitted to the partnership, how partners can be bought out, and what steps to take to dissolve the partnership. They also must decide up front how much time and capital each will contribute, etc.

Partnership formation advantages

- Partnerships are fairly easy to establish; however, time should be invested in developing the partnership agreement.
- With more than one owner, the ability to raise funds may increase.
- Business profits flow directly through to the partners' personal tax returns.
- The business usually benefits from partners with complementary skills.
- Income is taxed only once, with the lowest Social Security tax rate allowed.

Choosing your business organization

Partnership formation disadvantages

- Partners are jointly and individually liable for the actions of other partners.
- Profits must be shared with others.
- Disagreements may occur.
- Some employee benefits are not deductible from business income on tax returns.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.

Corporation formation

A corporation chartered by the state in which it is headquartered is considered by law to be a unique entity, separate and apart from those who own it. A corporation can enter into contractual agreements, be taxed and be sued. The owners are its shareholders. The shareholders elect a board of directors to oversee major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Corporation formation advantages

- Shareholders have limited liability for the corporation's debts or judgments against the corporations.
- Generally, shareholders can only be held accountable for their investment in stock of the company. (However, officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)
- Corporations can raise additional funds through the sale of stock.
- A corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect S Corporation status if certain requirements are met, enabling the company to be taxed similar to a partnership.

Corporation formation disadvantages

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have to complete more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income; thus it can be taxed twice.

Other business formations include the Subchapter S Corporation and the Limited Liability Company (LLC). There is a great deal to consider when forming a business. The information presented is just a starting point.

For additional information

For more information from the Small Business Administration, visit **www.sba.gov**.

For information on business formation in South Dakota, contact the South Dakota Secretary of State or visit **www.sdsos.gov**.

To accomplish great things, we must not only act but also dream; not only plan but also believe.

Anatole France